

§ 260.111

30 CFR Ch. II (7–1–00 Edition)

in the Gulf of Mexico west of 87 degrees, 30 minutes West longitude. See 30 CFR part 203). The field's royalty-suspension volume will be the larger of the volume for the *eligible* leases or the volume MMS grants in response to the pre-Act leases' application. The suspension volume for each lease will be its actual production from the field until cumulative production from all leases in the field equals the suspension volume.

(10) A royalty-suspension volume will continue through the end of the month in which cumulative production from leases in a field entitled to share the royalty-suspension volume reaches that volume.

(11) If we reassign a well on an *eligible* lease to another field, the past production from that well will count toward the royalty-suspension volume, if any, specified for the field to which it is reassigned. The past production will not count toward the royalty suspension volume, if any, for the field from which it was reassigned.

(12) You may receive a royalty-suspension volume only if your entire lease is west of 87 degrees, 30 minutes West longitude. A field that lies on both sides of this meridian will receive a royalty-suspension volume only for those *eligible* leases lying entirely west of the meridian.

(13) Your lease may obtain more than one royalty-suspension volume. If a new field is discovered on your *eligible* lease that already benefits from the royalty-suspension volume for another field, production from that new field receives a separate royalty suspension.

(14) You must measure natural gas production subject to the royalty-suspension volume as follows: 5.62 thousand cubic feet of natural gas, measured in accordance with 30 CFR part 250, subpart L, equals one barrel of oil equivalent.

[45 FR 9539, Feb. 12, 1980, as amended at 45 FR 36800, May 30, 1980; 46 FR 29689, June 2, 1981; 46 FR 35625, July 9, 1981. Redesignated at 48 FR 1182, Jan. 11, 1983, and amended at 48 FR 24874, June 3, 1983; 56 FR 23648, May 23, 1991; 61 FR 3804, Feb. 2, 1996; 61 FR 12027, Mar. 25, 1996; 63 FR 2629, Jan. 16, 1998]

§ 260.111 Criteria for selection of bidding systems and bidding system components.

(a) In analyzing the application of one of the bidding systems listed in § 260.110(a) to tracts selected for any OCS lease sale, MMS may, in its discretion, consider the following purposes and policies, recognizing that each of the purposes and policies may not be specifically applicable to the selection process for a particular bidding system and tract or may present a conflict that will have to be resolved in the process of bidding system selection, and that the order of listing does not denote a ranking:

- (1) Providing fair return to the Federal Government;
- (2) Increasing competition;
- (3) Assuring competent and safe operations;
- (4) Avoiding undue speculation;
- (5) Avoiding unnecessary delays in exploration, development, and production;
- (6) Discovering and recovering oil and gas;
- (7) Developing new oil and gas resources in an efficient and timely manner;
- (8) Limiting administrative burdens on Government and industry; and
- (9) Providing an opportunity to experiment with various bidding systems to enable the identification of those that are the most appropriate for the satisfaction of the objectives of the United States in OCS lease sales.

(b) In performing the analysis referred to in paragraph (a), MMS may, in its discretion, take into account the following in relation to their impact upon the purposes and policies enumerated in paragraph (a) of this section.

(c) The bidding systems listed in § 260.110(a) (2) and (3) shall be applied to not less than 20 per centum and not more than 60 per centum of the total area offered for leasing each year during the five-year period commencing on September 18, 1978, unless DOI determines that the maximum and minimum per centum limitations set forth in this section are inconsistent with the purposes and policies of the OCSLA.

[45 FR 9539, Feb. 12, 1980. Redesignated and amended at 48 FR 1182, Jan. 11, 1983]

Minerals Management Service, Interior

§ 270.3

Subpart C [Reserved]

Subpart D—Joint Bidding

SOURCE: 45 FR 62031, Sept. 18, 1980, unless otherwise noted. Redesignated at 48 FR 1182, Jan. 11, 1983.

§ 260.301 Purpose.

The purpose of the regulations in this subpart D is to encourage participation in OCS oil and gas lease sales by limiting the requirement for filing Statements of Production to certain joint bidders.

§ 260.302 Definitions.

For purposes of this subpart D, all the terms used shall be defined as in 30 CFR 256.38.

§ 260.303 Joint bidding requirements.

(a) Any person who submits a joint bid for any OCS oil and gas lease during a six-month bidding period and who was chargeable for the prior production period with an average daily production in excess of 1.6 million barrels of crude oil, natural gas equivalents, and liquefied petroleum products, shall have filed a Statement of Production with the Director, MMS, in accordance with the requirements of 30 CFR 256.38. The Statement of Production shall state that the person filing the Statement is chargeable for the prior production period with an average daily production in excess of 1.6 million barrels of crude oil, natural gas equivalents, and liquefied petroleum products.

(b) No person chargeable for the prior production period with an average daily production in excess of 1.6 million barrels of crude oil, natural gas equivalents, and liquefied petroleum products may submit a joint bid for any OCS oil and gas lease during the applicable six-month bidding period with any other person similarly chargeable. Such bids shall be disqualified and rejected.

(c) No person may submit any bid during the applicable six-month bidding period pursuant to any agreement, the terms of which would result in two or more persons, each chargeable for the prior production period with an average daily production in excess of 1.6

million barrels of crude oil, natural gas equivalents, and liquefied petroleum products, acquiring or holding any interest in the tract for which the bid is submitted. Such bids shall be disqualified and rejected.

PART 270—NONDISCRIMINATION IN THE OUTER CONTINENTAL SHELF

Sec.

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AUTHORITY: Sec. 604, Pub. L. 95-372, 92 Stat. 695 (43 U.S.C. 1863).

SOURCE: 50 FR 21048, May 22, 1985, unless otherwise noted.

§ 270.1 Purpose.

The purpose of this part is to implement the provisions of section 604 of the OCSLA of 1978 which provides that "no person shall, on the grounds of race, creed, color, national origin, or sex, be excluded from receiving or participating in any activity, sale, or employment, conducted pursuant to the provisions of . . . the Outer Continental Shelf Lands Act."

§ 270.2 Application of this part.

This part applies to any contract or subcontract entered into by a lessee or by a contractor or subcontractor of a lessee after the effective date of these regulations to provide goods, services, facilities, or property in an amount of \$10,000 or more in connection with any activity related to the exploration for or development and production of oil, gas, or other minerals or materials in the OCS under the Act.

§ 270.3 Definitions.

As used in this part, the following terms shall have the meanings given below:

Contract means any business agreement or arrangement (in which the parties do not stand in the relationship of employer and employee) between a lessee and any person which creates an obligation to provide goods, services, facilities, or property.